

EXHIBIT 1

Honorable Troy L. Nunley
United States District Judge
United States District Court for the Eastern District of California

Preliminary Injunction – May 3, 2024
Interim Report of Temporary Federal Receiver
Kenneth R. Jones

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

United States of America,
Plaintiff,
v.
CB SURETY, LLC, et al.,
Defendants.

Civil Case No. 2:23-cv-02812-TLN-DB

Interim Report of Federal Receiver

On December 7, 2024, a temporary restraining order (“TRO” or “order”) was unsealed and appointed me as temporary receiver over the “CB Surety LLC, Peak Bakery LLC, Cascades Pointe at Clemson, LLC, KP Testing, LLC, Motion Media Marketing Inc., SJC Financial Services Inc., Reseller Consultants, Inc., Ambragold, Inc., Think Processing LLC, and Bass Business Consultants.” *See* ECF No. 7. On January 5, 2024, the Court issued an Order and Preliminary Injunction extending the receivership in this matter. *See* ECF Nos. 34–35.

The contents of this Interim Status Report will focus largely on the actions taken since the last interim report and only reference items previously reported as they pertain to recent actions.

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I. Fact finding overview

Continuation of Legitimate Business Operations:

A significant focus has been placed on one of the Court's primary mandates, "Manage, administer, and conduct the operations of the ongoing legitimate business operations of the Receivership Entities."

To determine the level of "legitimate business operations" if any, significant fact finding has taken place pertaining to each Receivership Entity. An abbreviated summary of my fact-finding interim results for each Receivership Entity is provided later in this interim report.

Data collection, analysis and interviews:

To date, we have 141 devices and/or systems identified, such as desktops, laptops, mobile devices, hard copy documents, Dropbox accounts, Google drives, Gmail accounts, Telegram chats, Microsoft Cloud and Adobe. Additionally, we have obtained, imaged and are conducting analysis on one server.

Significant effort has been placed on imaging the above, obtaining passwords, otherwise defeating encryption and other protections then uploading the data into a system known as Relativity. Once in Relativity, analysis of the data has begun. That analysis, along with the collection of physical documents (contracts, checks, RSA tokens, chargeback notifications), has been the primary source of the Receiver interim reports.

Pertaining to the server, the Receiver's forensic technology experts spent significant time dismantling and otherwise defeating several security controls. On the server, we have identified 411 Reseller/LLC web sites. We have prioritized 67 of the Reseller/LLC websites based on those identified in the affidavit by Postal Inspector Chung and other criterion.

Data collection and analysis is not complete. Certain corporate records from some of the Receivership Entities are likely in the control of the Government and as Receiver, some requests have been submitted to the Government.

Interviews:

To date, several interviews have been conducted. However, the interviews for employees at Ambragold, Reseller Consultants, Won it All, Inc. and Run it Up, Inc. (all located at Rancho Dr. Las Vegas) have only recently taken place due to delays in receiving employee information, which was out of the Receiver's control.

II. Fact Finding: Reseller Consultants, Ambragold, Won it All, Inc. and Run it Up, Inc.

The Relationship Between the Entities operating at Rancho Dr. Las Vegas (Reseller Consultants, Ambragold, Won it All, Inc. and Run it Up, Inc.) and Other Receivership Entity:

The above-described data collection has come almost exclusively from the Rancho Dr. Las Vegas address and their cloud-based systems. Yet, this data has yielded significant information about *every* other Receivership Entity, except KP Testing, as articulated below.

Thus, based on the fact finding to date, Ambragold and Reseller Consultants (Receivership Entities) and Won it All, Inc. and Run it Up, Inc. are critical entities for the operations of each of the other Receivership Entities.

“Advertisers” are actually merchants:

The Receivership Entities, Ambragold, Inc. (“Ambragold”), Reseller Consultants, Inc. (“Reseller Consultants”) and their subsequent companies, Won it All, Inc. and Run it Up, Inc. all use the term “advertiser.” This appears to be an intentional attempt to avoid referring to them as merchants, for various reasons, some of which are articulated in this interim report.

However, in our fact finding we were able to identify one document from Aric Gastwirth entitled, “AMBRAGOLD Business Write Up” and dated 2/23/2018. In this document, Mr. Gastwirth states that, “The advertisers are companies that sell products online.”

Mr. Gastwirth describes the LLC owners as Resellers, “In order to fulfill all the sales, the advertisers actively seek people who want to go into business reselling their products. These people are known as resellers.” “Our company, via referral only, finds individuals that meet certain criteria (credit score, age, can provide certain documents, etc) and presents the reseller program to them.”

Note: Although the Receiver fact finding has identified and referred to ‘advertisers’ as ‘merchants’ additional fact finding is necessary to determine if *some* advertisers/merchants ever actually provided products.

Receiver concern about intentionally misleading banks in their customer due diligence (CDD) requirements:

One element to determining the level of “legitimate business operations” if any, has been to seek information through our fact gathering pertaining to allegedly misleading of banks by the Receivership Entities and the magnitude of that effort across the business procedures of the Receivership Entities.

Financial Crimes Enforcement Network (FinCEN) Customer Due Diligence (CDD) Final Rule:

United States Postal Inspector Jason Chung’s affidavit outlined the importance of “Financial Institution Diligence Prior to Opening Merchant Accounts.”

The Financial Crimes Enforcement Network (FinCEN), provides guidance “Information on Complying with Customer Due Diligence (CDD) Final Rule”:

“The CDD Rule, which amends Bank Secrecy Act regulations, aims to improve financial transparency and prevent criminals and terrorists from misusing companies to disguise their illicit activities and launder their ill-gotten gains. The CDD Rule clarifies and strengthens customer due diligence requirements for U.S. banks, mutual funds, brokers or dealers in securities, futures commission merchants, and introducing brokers in commodities. The CDD Rule requires these covered financial institutions to identify and verify the identity of the natural persons (known as beneficial owners) of legal entity customers who own, control, and profit from companies when those companies open accounts.

The CDD Rule has four core requirements. It requires covered financial institutions to establish and maintain written policies and procedures that are reasonably designed to:

1. identify and verify the identity of customers
2. identify and verify the identity of the beneficial owners of companies opening accounts
3. understand the nature and purpose of customer relationships to develop customer risk profiles
4. conduct ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information”ⁱ

As Receiver, I believe the banks' ability to identify "customers who own, control, and profit from companies when those companies open accounts" has clearly been compromised by the actions and procedures of some of the Receivership Entities, specifically Ambragold and Reseller Consultants, and also by Won it All, Inc. and Run it Up Inc.

Key to those actions by Ambragold, Reseller Consultants and subsequently Won it All, Inc. and Run it Up, Inc. are the establishment of the Reseller/LLCs as merchants with Merchant IDs and merchant bank accounts. Also, some banks provided RSA tokens to conduct two factor authentication (2FA) and those tokens were not in the possession of the Resellers/LLCs.

Advertisers (the original merchants) have full control over the bank accounts and their purpose, meaning the ultimate identity and control over these accounts are unknown to the banks. The Gastwirth memo continues, "The advertisers are provided full access to the reseller bank accounts. This includes any login information and security questions which may be required at the time. The advertisers, nor anyone else, ever actually are signers or owners of the bank account. The advertiser will manage the day to day activity of the account and initiate any transfers that are required to pay for the campaign." This is consistent with a concern mentioned in my first report about the Reseller/LLC owners not having control of the accounts.

As previously articulated in my first report, our fact finding identified in the "Reseller Consultants Policy and Procedure" manual that:

- Reseller Consultants was instructing participants to request a "single point token" (RSA or similar two-factor bank authentication device).
- That the Reseller Consultant's Client Liaison Team is actually preparing the token requests:

"US Bank paperwork will be prepared and emailed to Client Liaison Team Member assigned."

Additionally, that Reseller Consultants was instructing participants to appoint someone they don't know as "business manager". The combination of the possession of the RSA token and the authorization of business manager removes the control of the account and the funds from the Reseller/LLC:

"If US Bank calls to confirm it is important that you know you are authorizing __ (advertiser name) __ to send wires for the bank account(s). __ (advertiser name) __ is your **business manager** and needs access to the wires to make sure all invoices for customer service and advertising are paid timely."

Thus, intentionally hiding the true identity and nature of the "advertiser" or the true merchant from the banks and thwarting the banks' effort to conduct proper risk management and CDD. In short, the Reseller/LLC owner does not control the account, the deposits or the withdrawals. This is done by the 'advertiser' which is actually a merchant.

Note: in December 2023 the Receiver staff was at the Rancho Dr. Las Vegas address. While in the office, we were able to find 79 RSA tokens. The number of tokens identified at this time is believed to be a mere snap shot of the larger number of tokens from banks – as indicated by the communications we have seen to date between Reseller/LLC owners and Reseller Consultants.

Bank of America fraud department concerns about Ambragold lead to closing accounts:

Also in the Gastwirth memo, he describes how in December 2016 that Bank of America (“BofA”) closed 50 accounts and that Mr. Gastwirth spent “2 weeks with the Online Fraud Department” and eventually was able to convince them to open the accounts.

Later in the memo, “Around January 15, 2018, our phone began receiving calls from the BofA Online Fraud Department for our various resellers. We told BofA that we are the office and will relay the message to the owner of the account to call in. Within approximately 24 hours, BofA had closed over 75 accounts, including my three business accounts and one personal joint account. I personally spent several hours on the phone again with BofA explaining to them what we do and even provided the reference number from the previous incident.

“At the end of it all, after speaking with several department managers, they told me that they was too much “suspicious activity” occurring on all the associated accounts.”

This is further proof that Ambragold (and subsequently Reseller Consultants, Won it All, Inc. and Run it Up, Inc.) were at the center of arranging for merchant bank accounts for the Reseller/LLCs and that they were fully aware of the banks’ concerns about suspicious activity.

Aric Gastwirth’s concerns about Ambragold “asset freeze and worse” leading to opening new companies:

The Gastwirth memo continues, “So my concerns focus on me right now, as opposed to the reseller not receiving the money, even though my priorities may be a little off. However, I do have family to think about and make sure they are ok in the event something may be coming down the pipe.”

“I am also thinking about the fact that if something were to come down, what avenue they would be coming after us on”

“I am worried about an asset freeze and worse if they would go after Annette instead of me, even though they never spoke with her at all. Finally, should I close the companies down and start new ones...”

The continuation of the same operations from Ambragold, to Reseller Consultants, to Won it All and Run it Up:

Indeed, our fact finding, as articulated in both a previous interim report and in this interim report, has shown that a continuation of the same processes, in spite of Bank of America’s concerns for “suspicious activity”, has taken place with new companies, specifically Ambragold to Reseller Consultants (Receivership Entities) and subsequently from Reseller Consultants to Won it All, Inc. and Run it Up, Inc. (non-Receivership Entities).

During a document review at the Las Vegas office location, one document used by Reseller Consultants was prepared to answer typical questions from LLC owners and others. In one of its answers to request for information (“RFI”) questions received for Reseller Consultants, Reseller Constants wrote: “Reseller Consultants, Inc. is a consulting firm that subs all work out to Won It All, Inc. and Run It Up, Inc. These two companies incur various expenses and Amex charges on behalf of Reseller Consultants and are reimbursed for such.”

Office of the Comptroller of the Currency (OCC), Concerns about credit card “factoring”

According to the Office of the Comptroller of the Currency (OCC), “Factoring, also called credit card factoring, is used to launder money via credit cards, essentially by processing transactions through a merchant account for a business or entity other than the specific business that was screened and set up for the merchant account.”¹

The OCC’s concern appears to be similar to the aforementioned concerns about the “advertisers” who are actually merchants having total control of the merchant bank accounts established by the Reseller/LLCs, at the direction of Ambragold and Reseller Consultants (Receivership Entities) and later also Won it All, Inc. and Run it Up, Inc.

Merchant banks using the MATCH system:

According to the OCC, “MATCH is an identification system that logs merchants and principals (the owners of the merchant business) terminated for specific reasons. When acquiring banks and transaction processors terminate contracts with merchants for certain risk-related reasons, the merchant businesses and their owners should be placed on MATCH. The listing on MATCH indicates that the merchant committed one or more specific acts that convinced the acquiring bank or processor that the acceptable level of risk had been exceeded. The specific reasons or types of acts that would warrant the merchant being placed on MATCH include

- excessive charge-backs due to merchant business practices or procedures.
- excessive deposits for transactions unauthorized by cardholders.
- credit or debit card fraud conviction.
- excessive deposits for counterfeit transactions.
- deposits for transactions involving sales of goods or services generated by another merchant (laundering or factoring).
- suspicion that the merchant is conducting fraudulent activity.”²

Our fact finding has determined that the banks only had the Reseller/LLC information, not the true information on the advertiser (actual merchant) or those arranging for the identification and establishment of the Reseller/LLCs, their merchant IDs (MID) or their merchant bank accounts. Thus, the banks were unable to identify the relationship between those Reseller/LLCs with the large numbers of chargebacks and the advertiser (actual merchant) and Ambragold and Reseller Consultants (Receivership Entities) and later also Won it All, Inc. and Run it Up, Inc. As shown below, these entities provided a steady flow of new Reseller/LLCs to the advertisers to avoid the banks from knowing the identity of the advertiser (actual merchant).

Chargebacks:

Throughout our fact finding, we have identified large quantities of chargeback notifications sent to the Rancho Dr. Las Vegas location of Ambragold and Reseller Consultants (Receivership Entities) and later also Won it All, Inc. and Run it Up, Inc. During our time in that office, we collected large envelopes and even boxes of chargeback notifications originally sent to the Reseller/LLCs and subsequently sent by the Reseller/LLCs to the Rancho Dr. address.

¹ Office of the Comptroller of the Currency, Controller’s Handbook, O-MP, Safety and Soundness, Merchant Processing, Version 1.0, August 2014 [Merchant Processing, Comptroller's Handbook \(occ.gov\)](https://www.occ.gov/publications-and-resources/publications/merchant-processing/)

² Office of the Comptroller of the Currency, Controller’s Handbook, O-MP, Safety and Soundness, Merchant Processing, Version 1.0, August 2014 [Merchant Processing, Comptroller's Handbook \(occ.gov\)](https://www.occ.gov/publications-and-resources/publications/merchant-processing/)

When asked, one Won it All, Inc. employee (formerly a Reseller Consultants employee) was interviewed about what was done with the chargeback notifications. The employee said the chargeback notifications received from the Reseller/LLCs were just shredded.

The chargeback notifications were sent to the Reseller/LLC; thus, the banks had no idea of the involvement by the advertiser (actual merchant), Ambragold and Reseller Consultants (Receivership Entities) and to Won it All, Inc. and Run it Up, Inc. Additionally, the banks were unable to associate the eventually failed Reseller/LLCs with the advertisers (actual merchants). See the below analysis.

Analysis of Advertisers (actual merchants) and associated Reseller/LLC owners:

As a result of our fact finding, between 2022 and 2023, we have identified 279 advertisers (actual merchants) and 9,061 Reseller/LLCs.

On average, each advertiser (actual merchant) was assigned 32.5 Reseller/LLCs. The reason for this is apparent, the Reseller/LLCs were eventually dropped by the merchant banks due to significant numbers of chargebacks, as a result of the products and processes of the actual merchants, the ‘advertisers.’ In order for the advertiser (actual merchant) to continue, they needed a constant flow of new Reseller/LLCs, which were provided by Ambragold and Reseller Consultants (Receivership Entities) and later also Won it All, Inc. and Run it Up, Inc.

Thus, the banks were unaware that the new Reseller/LLC was assigned to the same advertiser (actual merchant) as the previous Reseller/LLCs.

- 10 of the advertisers (actual merchants) had over 200 Reseller/LLCs
 - o Note: SJC Financial Services, LLC (a Receivership Entity) was among the top 10 ‘advertisers’ with 297 resellers/LLCs.
- 18 of the advertisers (actual merchants) had over 100 Reseller/LLCs
- 25 of the advertisers (actual merchants) had between 50 – 99 Reseller/LLCs
- 81 of the advertisers (actual merchants) had between 10 – 49 Reseller/LLCs
- Only 30 of the 279 advertisers (actual merchants) had just one Reseller/LLC

In addition to the 9,061 Reseller/LLCs known to be associated with the 279 ‘advertisers’ during this two-year period, our fact finding has identified an additional 119 reseller/LLCs in the process of being developed.

In a recent interview with one employee of Won it All, Inc., the employee was asked about the massive number of chargebacks and the related number of resellers/LLCs that were required by the advertisers (actual merchants). His response was that his job was to make sure the advertisers never ran out of new Reseller/LLCs.

Summary or fact finding for Ambragold and Reseller Consultants (Receivership Entities) and to Won it All, Inc. and Run it Up, Inc.:

To date, the fact finding for these entities has determined the following:

1. Ambragold and Reseller Consultants (Receivership Entities) and currently Won it All, Inc. and Run it Up, Inc. play a role in:
 - o identifying a large number of Resellers/LLCs as a source to the advertisers (actual merchants)
 - o coordinate onboarding them through a contractual agreement
 - o assigning them to advertisers (actual merchants)

- producing instructions and supporting them with the establishment of merchant IDs and merchant bank accounts
 - Instructing them to set up US Postal Service or UPS boxes at the Reseller/LLC owner locations to receive chargeback notices, bank statements and bank RSA tokens
 - Coordinating the possession of bank RSA / two factor authentication tokens
 - Instructing Reseller/LLC owners to provide misleading information to the banks about those who have actual control over the merchant accounts
2. The Reseller/LLC associations with advertisers (actual merchants) and Ambragold and Reseller Consultants (Receivership Entities) and Won it All, Inc. and Run it Up, Inc. is concealed from banks and merchant processors. As a result, banks do not have the required information to conduct a proper risk assessment and customer due diligence (CDD).
 3. Significant chargebacks occur based in part on allegations of fraud and other allegations by consumers
 4. Chargeback notices sent from the Resellers/LLCs to Ambragold and Reseller Consultants (Receivership Entities) and Won it All, Inc. and Run it Up, Inc. are shredded.
 5. Bank of America questioned suspicious accounts and activities on two separate occasions. After the first and significant (self-described) input from Aric Gastwirth, the accounts were reopened.
 6. After the second contact by Bank of America with concerns about suspicious activity, the accounts were closed and not reopened.
 7. In the Aric Gastwirth memo, he expressed concern about account seizures and worse problems coming “down the pipe.” As a result, Mr. Gastwirth also questioned the benefits of closing Ambragold and establishing new companies. Subsequently, he established Reseller Consultants and later permitted Won it All, Inc. and Run it Up, Inc. to manage all activities on behalf of Reseller Consultants.

III. Additional Fact finding: Won it All, Inc.

Incorporation: Won It All, Inc. was incorporated in 2013 in the state of Florida.

Annette Goldstein is listed as the President and Secretary. Annette Goldstein is subsequently Aric Gastwirth’s wife and then goes by the name Annette Gastwirth.

Jerry Bohn is listed as a Registered Agent.

In the previous interim report, I provided information pertaining to the relationship between Reseller Consultants and Won it All, Inc., such as:

- Won it All, Inc. operating on behalf of Reseller Consultants
- Reseller Consultants employees later becoming Won it All, Inc. employees (a change consistent with the comment by Aric Gastwirth in the aforementioned memo).
- Won it All, Inc. checks signed by Annette Gastwirth and found at the Rancho Dr. address
- Transactions between Won it All, Inc. and Reseller Consultants
- Commissions Paid by Reseller Consultants to Won It All, Inc.

In spite of the transition from Reseller Consultants to Won it All, Inc. and Run it Up, Inc. the Reseller/LLC owners continue to correspond with Reseller Consultants as a central point for establishing LLCs, obtaining merchant bank accounts, being assigned to advertisers (merchants) and sending chargeback notifications. For example, on January 9, 2024, during a site visit to the Rancho Dr. location, my team identified multiple pieces of correspondence (primarily US Mail and UPS packages) from various Reseller/LLCs to Reseller Consultants. Some of the envelopes were addressed to “C/O Amy, Reseller Consultants, Inc.”

Employees at Rancho Dr.:

As Receiver, my team and I, over the past several weeks, have finally been given information on the employees at Ranch Dr. Las Vegas.

The information was received from counsel to one of the defendants. We were nearly simultaneously able to find an employee roster in our data collection.

Also, on Thursday, February 22, 2024, Sandra Zbinden, the human resources manager for Reseller Consultants and Won it All, contacted the receiver to offer to provide information about payroll, vacation pay out, health insurance and the issuance of employee W-2 documents.

Several calls were held with Ms. Zbinden over the following weeks to identify and access various business systems.

The former Reseller Consultant employees, now employees of Won it All, Inc. have the following benefits under the Won it All, Inc. company name:

- ADP Payroll
- Health benefits
- Dental benefits
- Vision benefits
- 401k

Also, I am told by Sandra Zbinden not only are contributions to the 401k not being made, but that employees are not being permitted to make withdrawals.

As articulated in my previous report, several attempts were made between me, my team and Ms. Zbinden to pay salaries for hours worked by employees, and to pay health, dental and vision benefits. All of the above benefits and the bank accounts aligned with ADP and the other vendors are in the company name of Won it All, Inc.

We conducted several site visits and contacted all of the employees via email. We requested each employee to meet with us and to provide a summary of their role at Reseller Consultants and later at Won it All, Inc.

Seven of the 18 employees contacted agreed to meet with us.

During the week of March 18, 2024, my team and I met with those employees at Rancho Dr. and several of the seven agreed to be interviewed.

On April 25, 2024, via emails with Sandra Zbinden, she wrote: "I had some employees reach out to me because they are getting bills for their medical visits. It looks like the health insurance has been cancelled and terminated retroactive to Jan 1st 2024."

IV. Additional Fact Finding: Run it Up, Inc.

Incorporation: Run It Up, Inc. was incorporated in 2013 in the state of Florida.

Aric Gastwirth is listed as the President and Secretary.

Jerry Bohn is listed as the Registered Agent.

In the previous interim report, I provided information pertaining to the relationship between Reseller Consultants and Run it Up, Inc., such as:

- Run it Up, Inc. operating on behalf of Reseller Consultants
- Blank checks with the signature of Annette Gastwirth for Run it Up, Inc.'s Preferred Bank account were found in Rancho Dr. Las Vegas site visit in January 2024
- Transactions between Run it Up, Inc. and Reseller Consultants. For example, a review of an August 2021 bank statement for the Preferred Bank Account shows that Reseller Consultants transferred more than \$461,000 to Run it Up, Inc. during the month.
- Commissions Paid by Reseller Consultants to Run it Up, Inc.
- An analysis of transactions paid for by the Run it Up, Inc. accounts shows payments made for commissions of approximately \$1.3 million. The Payees include, among others, Defendant Aric Gastwirth, Ambragold, and Won It All, Inc.
- Also, an analysis of transactions shows commissions paid for Run It Up, Inc. for July 2021 through June 2022 which total \$977,000. Commission payments were made to Defendant Aric Gastwirth, Annette Goldstein (Gastwirth), and Won It All, Inc., among others.
- Additionally, a 2020 1099-NEC from Run It Up, Inc. to Aric Gastwirth lists his non-employee compensation as \$112,500.
- Other agreements linking Run it Up, Inc. with Reseller Consultants and Ambragold

Specifically with respect to Run It Up, Inc. the types of services provided are “consulting services to Reseller Consultants and referral of merchant processing clients to various agents.”

In spite of the transition from Reseller Consultants to Won it All, Inc. and Run it Up, Inc. the Reseller/LLC owners continue to correspond with Reseller Consultants as a central point for establishing LLCs, obtaining merchant bank accounts, being assigned to advertisers (merchants) and sending chargeback notifications.

V. Fact Finding: Bass Business Consultants and Think Processing

Bryan Bass, a citizen of India, established both Bass Business Consultants and Think Processing. Mr. Bass is known to reside in both India and also South Lake Tahoe, CA

Bass Business Consultants: Mr. Bass is the founder and director of Bass Business Consultants, a company that works closely with CB Surety.

- Address: 161 W. Altadena Dr. PMB 1081, Altadena, CA 91001
- Phone Number: 424-209-2091
- Website: bassconsultancy.com

Think Processing LLC: Sole member of Wyoming corporation registered at 1309 Coffeen Ave, STE 1200, Sheridan, WY 82801.

- Alternative Address: 940 Bordona Lane, Tracy, CA 95376

Role in the Alleged Scheme to Defraud:

According to the allegations in the affidavit by Postal Inspector Chung, Bryan Bass furthers Defendants' (CB Surety) scheme by developing fake websites, invoices, and underwriting application materials designed to help Defendants' merchant clients obtain accounts and evade detection by financial institutions. Bass also manages his own clients as a merchant account broker through the entity Think Processing LLC.

Notable services listed for Bass Business Consultants on their website (bassconsultancy.com):

- Reseller Services
- Website Development
- Payment Gateway Integration

Salient points from Bryan Bass interview on 12/12/23:

- The interview was conducted via Teams Call by Kenneth Jones, Managing Director, Alvarez & Marsal, Court Appointed Receiver, Vishal Oza, Alvarez & Marsal, Senior Director, and Ekene Isiakpona, Alvarez & Marsal, Senior Associate.
- Mr. Bass was hired by Thomas Eide in June 2020. He was paid \$1,300 a month to oversee "project management" for CB Surety.
- In August 2020, Mr. Bass was paid to set up a team in India called Sufficient Grace Software Services, URL: sufficientgrace.in/services/.
- The purpose of the company was to audit and validate websites they were provided.
- Mr. Bass eventually created his own company: Bass Business Consulting. Their role was to apply for merchant accounts for credit card processors on behalf of the entities that CB Surety sent to them. They received documents from CB Surety via the following portal: knoxsecure.com.
- A bank account for Bass Business Consultants was opened without his knowledge. Mr. Bass believed that this account was used to launder money. Mr. Bass indicated that he did not receive funds that passed through this account.
- Mr. Bass noted he got paid from CB Surety via invoices that he raised and sent to them.

Bank Accounts:

Bank statements for Bryan Bass, Think Processing, and Bass Business Consultants are not identifiable and/or available in "Relativity", for transaction traceability purposes. Furthermore, these reseller bank statements reveal solely the last four digits of the account numbers for Think Processing and Bass Business Consultants, omitting any reference to the financial institution's name.

Think Processing:

- Bank account ending in 8965 as depicted in the list of 10 example transactions below.

- Out of 92 documents identified in Relativity for Think Processing LLC, 43 are bank statements for different Reseller/LLCs with deposits or withdrawals from Think Processing.

Account Owner	Financial Institution	Account No.	Year	Date	Deposit	Withdrawal	Receiver Counter Party	Counterparty Bank Account#	Source
DONATA RORY MEDIA LLC	Chase	9806	2021	8/11/2021		6,629.34	Think Processing	8965	A0001116670
DUBLAR JIT ADVERTISING LLC	Chase	8113	2021	8/3/2021		6,629.34	Think Processing	8965	A0001116938
ABASSE BARING SALES LLC	Chase	8068	2021	7/21/2021	428.59		Think Processing	8965	A0001221150
ADJIN GOKU MAKINGS LLC	Chase	8388	2021	8/4/2021		3,314.67	Think Processing	8965	A0001222097
COBURG BRAVE AGILITY LLC	Chase	385	2021	7/16/2021		3,104.04	Think Processing	8965	A0001222939
DIASCIA WOAD STANDING LLC	Chase	283	2021	7/27/2021		3,314.67	Think Processing	8965	A0001223790
DRASON BERRY CREATIONS LLC	Chase	1165	2021	7/28/2021		3,314.67	Think Processing	8965	A0001223883
DUBLAR JIT ADVERTISING LLC	Chase	8113	2021	8/11/2021		5,514.22	Think Processing	8965	A0001116938
DIASCIA WOAD STANDING LLC	Chase	283	2021	7/16/2021		275.66	Think Processing	8965	A0001223790
ABASSE BARING SALES LLC	Chase	8068	2021	7/16/2021		428.59	Think Processing	8965	A0001221150

- The following document ("Corporate Reseller Agreement") associates Alexandro Martinez, the Reseller/LLC owner of Abasse Baring Sales LLC shown in transactions with Think Processing and Bass Business Consultants, and Bryan Bass to Stephen Christopher and Travis Howard Smith as two other defendants. This is just one depiction of money flow between Think Processing/Bryan Bass and Reseller/LLCs such as Alexandro, and the connection to Stephen Christopher and Travis H. Smith.³

CORPORATE RESELLER AGREEMENT

This **CORPORATE RESELLER AGREEMENT** (hereinafter the "Agreement") is made this 22nd day of February, 2021, by and between SJC Financial Services ("Company") with corporate offices located at 14144 Mazatlan Court, Poway, CA 92064, and Abasse Baring Sales LLC, an Limited Liability Company with corporate offices located at 4101 McGowen Street #110 #536 Long Beach, CA 90803 (hereinafter the "Reseller" or collectively with Company as the "Parties" with each at times be referred to as a "Party").

SIGNATURE PAGE AND ADDENDUM FOLLOW

Accepted and agreed to by:

COMPANY: SJC Financial Services

Authorized Signature: Stephen Christopher

Print Name: Stephen Christopher

Title: President

RESELLER: x

Print Name: Alexandro Martinez

Title: Owner

³ A0000555750.

Personal Guarantee:

I, Travis Howard Smith, hereinafter (Guarantor), do hereby personally guarantee the liability of Alexandro Martinez (Reseller) with regard this Agreement by and between SJC Financial Services (Company) and Abasse Baring Sales LLC (Reseller).

In the event that SJC Financial Services (Company) fails to make any payment or cover any liabilities of Abasse Baring Sales LLC (Reseller), as pertains to Agreement, or fails to perform in any manner with regard to said Agreement between the parties, the Guarantor does hereby promise to make all payments to processors (Reseller) in the same manner as if they were the principal of said Agreement.

Guarantor: Travis Howard Smith

Signature: Travis Smith

Date: February 22, 2021

Role(s) in the Alleged Scheme to Defraud: From the Chung Affidavit for the roles of the signatories.

- Travis Howard Smith – “Smith is a leader in the fraud scheme and oversees many aspects of CB Surety’s business, including the transaction laundering and chargeback-reduction tactics.”⁴
- Stephen Christopher – “Merchant account broker, recruits merchants engaged in high-risk or illegal activities that are seeking to benefit from transaction laundering and chargeback-reduction tactics.”⁵

Bass Business Consultants:

- Bank account ending in 6586 as depicted in list of 10 example transactions depicted below.⁶
- Out of 75 documents identified in Relativity for Bass Business Consultants, 35 are bank statements for different reseller LLCs with deposits or withdrawals from Bass Business Consultants.

Account Owner	Financial Institution	Account No.	Year	Date	Deposit	Withdrawal	Receiver	Counter Party	Counterparty Bank Account#	Source
DONATA RORY MEDIA LLC	Chase	9806	2021	8/16/2021		3,546.00	Bass Business Consultants		6586	A0001116670
DUBLAR JIT ADVERTISING LLC	Chase	8113	2021	8/16/2021		3,152.00	Bass Business Consultants		6586	A0001116938
DIAMANI URBAN VENTURES LLC	Chase	371	2021	8/16/2021		394	Bass Business Consultants		6586	A0001120951
DYCAN PANDA LANDS LLC	Chase	1582	2021	8/16/2021		1,576.00	Bass Business Consultants		6586	A0001121009
ABASSE BARING SALES LLC	Chase	8068	2021	7/27/2021		1,576.00	Bass Business Consultants		6586	A0001221150
ADJIN GOKU MAKINGS LLC	Chase	8388	2021	8/16/2021		3,152.00	Bass Business Consultants		6586	A0001222097
COBURG BRAVE AGILITY LLC	Chase	385	2021	7/27/2021		3,152.00	Bass Business Consultants		6586	A0001222939
CYLCARY RAY MEDIA LLC	Chase	3322	2021	8/20/2021		1,576.00	Bass Business Consultants		6586	A0001223059
HIBBEN ROSEY MEDIA LLC	Chase	6781	2021	8/3/2021		2,758.00	Bass Business Consultants		6586	A0001225787
JEDWIN RED SALES LLC	Chase	309	2021	8/17/2021		3,152.00	Bass Business Consultants		6586	A0001226417

- Note: Abasse Baring Sales LLC listed in Bass Business Consultants example transaction set above is the same Reseller/LLC owned by Alexandro Martinez with ties to Travis H. Smith and Aric Gastwirth based on the “Corporate Reseller Agreement” depicted above.

⁴ Affidavit of United States Postal Inspector Jason Chung, December 1, 2023, ¶ 36.

⁵ Affidavit of United States Postal Inspector Jason Chung, December 1, 2023, ¶ 42.

⁶ Bryan Bass Related Bank Transactions.xlsx – Bass Business Consultants Tab.

Additional Evidence:

- The following ‘Referral Agreement’ was found as a document that connects Think Processing LLC to Aric Gastwirth of Reseller Consultants, Inc.
- This agreement is signed by Aric Gastwirth with a designated signature line for Think Processing.⁷

REFERRAL AGREEMENT

THIS AGREEMENT is entered into as of the Effective Date which shall be the first date written below (the “Commencement Date”) by and between Reseller Consultants, Inc. with an address at 501 S. Rancho Drive, Suite A3, Las Vegas, NV 89106 (“RC”) and Think Processing, LLC with an address at 940 Bordona Lane, Tracy, Ca 95376 (“TP”), hereinafter Manager and the Company may each be referred to as a “Party” and collectively as the “Parties.”)

Think Processing, LLC (TP)

By: _____
Its: _____

Dated: _____

Reseller Consultants, Inc. (RC)

By: /s/ Aric Gastwirth
Its: Aric Gastwirth

Dated: August 3, 2023

Exhibit A

RC will cause each of the Referral Clients to be paid \$750 per month as soon as the first merchant account has been approved (the “Distribution”). TP understands and agrees that RC is not responsible for the actual payment. The Distribution will occur on or before the 20th of the month following.

RC will pay TP the following amounts for each of the Referral Clients approved for a merchant account(s) on a monthly basis (the “Company Fee”) for any month RC receives compensation on said Referral Clients and any month thereafter where Referral Clients are processing through the Referral Clients’ company and RC is compensated:

Referral Clients submitted directly by TP:

Month one - \$75
Month two - \$125
Month three and thereafter - \$250

⁷ A0000055053.

VI. Fact Finding: Cascades Pointe at Clemson, LLC and Peak Bakery

Cascades Pointe at Clemson, LLC: South Carolina limited liability company with its registered address at 2 Office Park Court, Suite 103, Columbia, SC, 29223.⁸

- Alternative address: 4131 North Central Expressway, Suite 900, Dallas, TX 75204⁹

Peak Bakery LLC: North Carolina company with its registered address at 4030 Wake Forest Road Ste 349, Raleigh, NC 27609.¹⁰

- Alternative address: 4131 North Central Expressway, Suite 900, Dallas, TX 75204¹¹

Bank Accounts:

a. Cascades Pointe:

- Bank of America account ending 2367.¹²
- Out of 118 documents identified in Relativity for Cascades Pointe, 33 are bank statements for different Reseller/LLCs with deposits or withdrawals from Cascades Pointe.¹³

b. Peak Bakery:

- BB&T account ending 6573.¹⁴
- Bank of America Peak LLC Account 325136365187.¹⁵
- Out of 246 documents identified in Relativity for Peak Bakery, 152 are bank statements for different Reseller/LLCs with deposits or withdrawals from Peak Bakery.¹⁶

Summary of the Role in the Alleged Scheme according to the Chung Affidavit:

According to allegations in the Chung affidavit, Defendant Travis Smith and Thomas Eide are partners in the alleged fraud scheme. Mr. Smith is a leader in the alleged fraud scheme and oversees many aspects of CB Surety's business, including the transaction laundering and chargeback-reduction tactics.¹⁷

According to allegations in the Chung affidavit, in addition to using CB Surety to perpetrate the scheme, Mr. Eide and Mr. Smith also use shell entities, including Cascades Pointe at Clemson LLC ("Cascades Pointe") and Peak Bakery LLC ("Peak Bakery") to the same end. These alleged shell entities are controlled by Mr. Eide and Mr. Smith and used for the purpose of disguising scheme proceeds passing between CB Surety and other members of the scheme.¹⁸

According to allegations in the Chung affidavit, evidence shows that these entities are all controlled by CB Surety and its managers and used in furtherance of the scheme. Mr. Smith regularly sends Mr. Eide

⁸ Affidavit of United States Postal Inspector Jason Chung, December 1, 2023, ¶ 148.

⁹ Affidavit of United States Postal Inspector Jason Chung, December 1, 2023, exhibit 89.

¹⁰ Affidavit of United States Postal Inspector Jason Chung, December 1, 2023, ¶ 148.

¹¹ A0002963988; Affidavit of United States Postal Inspector Jason Chung, December 1, 2023, exhibit 89.

¹² A0000078384.XLSX.

¹³ See, for example, A0001087188.

¹⁴ A0000078384.XLSX.

¹⁵ A0002963988

¹⁶ See, for example, A0001087205 and A0001223617.

¹⁷ Affidavit of United States Postal Inspector Jason Chung, December 1, 2023, ¶ 34, 36.

¹⁸ Affidavit of United States Postal Inspector Jason Chung, December 1, 2023, ¶ 37.

“Bank Reports” that detail the list of accounts controlled by CB Surety. On May 23, 2023, Mr. Smith sent an accountant a list of bank accounts from his CB Surety email address, including those for “BOA-Cascades,” “BOA-Peak Bakery,” “Regions-Peak Bakery,” and “Wells Fargo-CB Surety.” This followed an email chain from earlier in May 2023 in which Mr. Smith emailed the same accountant about gaining access to all of CB Surety’s bank and credit card accounts “to be able to move forward with CB Surety’s books.” The accounts listed in the report Mr. Smith sent Mr. Eide on June 29, 2023, included those in the names of “Cascades Pointe,” “Peak Bakery,” and “CB Surety.”¹⁹

According to allegations in the Chung affidavit, defendants transfer proceeds in furtherance of the scheme using these companies, among others. For instance, a September 2022 bank statement for CB Surety’s Wells Fargo bank account reflected thousands of dollars in payments from Peak Bakery and Cascades Pointe. Likewise, a January 2023 Bank of America account statement for Peak Bakery LLC reflects tens of thousands of dollars in payments from alleged sham companies, as well as tens of thousands of dollars of outgoing payments to other alleged sham companies, KP Testing, Cascades Pointe at Clemson, LLC, Reseller Consultants, and Mr. Eide, among others.²⁰

According to allegations in the Chung affidavit, a hub for transfers has been a Bank of America account for Cascades Pointe. In February 2023, it received six transfers from Peak Bakery LLC, totaling \$52,000.²¹

According to allegations in the Chung affidavit, on May 26, 2021, Mr. Smith emailed the coworking office space under the subject line “Adding on Business Names,” listing the entity names “CB Surety, LLC,” and “Peak Bakery, LLC,” and stating, “Thomas Eide is my business partner and is listed on all of our corporations listed above and Cascades Pointe at Clemson, we own together.” An invoice for the coworking office space was sent to Cascades Pointe in May 2023, and it listed other companies including CB Surety and Peak Bakery.²²

Receiver Fact Finding:

a. Cascades Pointe

There is evidence from individual Resellers/LLC bank accounts of deposits coming from Cascades Pointe.²³ For example, an April 2021 email from a Reseller/LLC owner (Jacob Taylor) to Rena Jointer (Reseller Consultants) requests confirmation that a \$750 payment from Cascades Pointe is related to the resellers program.²⁴

b. Peak Bakery

The below SMS message to “James” confirms the movement of funds from the Reseller/LLC’s bank account to Peak Bakery:²⁵

¹⁹ Affidavit of United States Postal Inspector Jason Chung, December 1, 2023, ¶ 149, exhibits 83-85.

²⁰ Affidavit of United States Postal Inspector Jason Chung, December 1, 2023, ¶ 151.


²¹ Affidavit of United States Postal Inspector Jason Chung, December 1, 2023, ¶ 152.

²² Affidavit of United States Postal Inspector Jason Chung, December 1, 2023, ¶ 150, exhibits 86 and 89.

²³ See, for example, A0001198123, A0001247277 and A0004133475.

²⁴ A0003831825.

²⁵ A0002963988. Based on information found in Relativity, the custodian of this document was Evelyn Sanchez, an employee who worked at the Las Vegas Resellers Consultants location.

	IM - E034_0000001 - 2023/08/23 - b6238f06536fa8843d4d2dde0dfd714c4a09328a8dc224045e78597f22e1aa8	
U	Unknown Hey James. Please get in touch with the bank in regards to Mwayi LLC. The accounts were locked due to the last ACH transfer of \$2k to Peak LLC. Here is the PAYEE information they might need you to confirm	8/23/2023, 19:20
U	Unknown Peak Bakery LLC 4131 North Central Expressway Dallas, TX 75204	8/23/2023, 19:21
U	Unknown Bank of America - PEAK LLC Routing: 121000358 Account: [REDACTED] 5187	8/23/2023, 19:23

Travis Smith's involvement with Reseller Consultants, CB Surety, Peak Bakery, LLC

Mr. Smith was listed as a "System Administrator" on a U.S. Bank Authorization Form for Teanika Oak Mantra LLC. He listed his CB Surety email address.²⁶ Similarly, on a U.S. Bank Wire Transfer Authorization Form for Tiarrani Pom Venturing LLC, Mr. Smith is listed as someone authorized to initiate wire transfers.²⁷

Mr. Smith signed a number of Corporate Reseller Agreements as the Guarantor, such as the following in October 2020:²⁸

<p>I, Travis Howard Smith, hereinafter (Guarantor), do hereby personally guarantee the liability of <u>Andrew Chesnutt</u> (Reseller) with regard this Agreement by and between SJC Financial Services (Company) and <u>Amadio Bright Makings LLC</u> (Reseller).</p> <p>In the event that SJC Financial Services (Company) fails to make any payment or cover any liabilities of <u>Amadio Bright Makings LLC</u> (Reseller), as pertains to Agreement, or fails to perform in any manner with regard to said Agreement between the parties, the Guarantor does hereby promise to make all payments to <u>processors</u> (Reseller) in the same manner as if they were the principal of said Agreement.</p> <p>Guarantor: Travis Howard Smith</p> <p>Signature: <u>Travis Smith</u></p> <p>Date: <u>10/23/2020</u></p>

Note again that the above example includes SJC Financial Services (Receivership Entity) as the advertiser in this agreement.

²⁶ A0000065445.

²⁷ A0000065450.

²⁸ A0005011948.

We identified numerous emails from Mr. Smith to Aric Gastwirth in which Mr. Smith is forwarding various agreements related to new Resellers/LLCs.²⁹ In a particular email, Mr. Gastwirth instructs Mr. Smith to “not date in case we add more Resellers later.”³⁰

This is a clear indication of Aric Gastwirth’s role in not only identifying but determining if new Reseller/LLCs were to be added to advertisers (actual merchants). Noting again Mr. Gastwirth’s role not only in Ambragold and Reseller Consultants, but also in Won it All, Inc. and Run it Up, Inc.

In a June 2020 email, a Reseller/LLC owner reached out to Irene Santoyo (Reseller Consultants) to ask if he should sign the documents he received “from Travis Smith from Cbsurety.” She responds as follows:³¹

Yes, that's fine. He is your advertiser with Paradigm.

Thank you,
Irene S.
Reseller Consultants

Similarly, in August 2020, Ms. Santoyo sent the following information to another Reseller/LLC owner.³²

>> Hello Janice,
>> Travis Smith is the advertiser you are working with. He has emailed
>> more applications that you can sign electronically. Please complete
>> as soon as possible.

In an April 2021 email, Rena Jinter (Reseller Consultants) provides instructions to a Reseller/LLC owner regarding setting up the bank accounts. She wrote:³³

IF US Bank calls to confirm:
It is important that you know you are authorizing Travis Smith to send wires for both accounts. Travis Smith is your business manager and needs access to the wires to make sure all invoices for customer service and advertising are paid timely.

In an October 2021 email, Mr. Smith instructs Ms. Jinter to tell a Reseller/LLC owner to set up her online banking password instead of forwarding the information to Reseller Consultants.³⁴ This is not the only email we discovered in which Travis Smith is involved in setting up on-line banking passwords.³⁵

In a June 2022 email, Evelyn Sanchez (Resellers Consultants) instructs a Reseller/LLC owner to “Have the UPS store set up an automatic shipment of ALL the mail in your box every two weeks to” CB Surety, attention: Travis Smith.³⁶

In an August 2022 email, Ms. Sanchez (Reseller Consultants) confirms with a Reseller/LLC owner that a shipping confirmation received is for an RSA token that was shipped to CB Surety, attention: Travis

²⁹ See for example, A0002760333, A0002760386, and A0002760397.

³⁰ A0002760406.

³¹ A0005557577.

³² A0005573732.

³³ A0003835213.

³⁴ A0003320455.

³⁵ See, for example A0003323813 and A0003357629.

³⁶ A0003082350

Smith.³⁷ This is further confirmation that the Reseller/LLC owner did not control the bank activity and also that in this and other matters, Travis Smith controlled several accounts.

In October 2022, Mr. Smith forwarded to “support@resellersconsultants.com” May, June, and July distribution checks for a Reseller/LLC owner.³⁸

In a November 2022 email between Ms. Sanchez (Reseller Consultants) and a Reseller/LLC owner, Ms. Sanchez instructs the LLC owner when closing out her Reseller/LLC bank account to have checks made out to Peak LLC and mailed to Mr. Smith.³⁹

----- Forwarded message -----
From: Evelyn Sanchez <esanchez@resellersconsultants.com>
Date: Wed, Nov 16, 2022 at 8:44 AM
Subject: Re: IMPORTANT - ACCOUNT CLOSURE
To: patricia <patricia5381@yahoo.com>

Hi Patricia,
Per my last email If there is remaining funds go ahead and request for a cashiers check made out to PEAK LLC. Then you will mail those checks out to the advertiser to the following address and provide the tracking number.

CB Surety
Travis Smith
4131 North Central Expressway
Suite 900
Dallas, TX 75204

This is not the only email we discovered in which Mr. Smith and Peak Bakery were identified as the person who would receive the final check upon closing out the bank account during the winddown phase.⁴⁰

VII. Fact Finding: CB Surety

Note that some examples from earlier sections are repeated here for ease of understanding the activity specific to CB Surety, Thomas Eide and Travis Smith. Duplication was intended to be minimized. Our initial investigation and actions taken under the Order indicate that significant amounts of information and data are consistent with the details in the affidavit by Postal Inspector Jason Chung. However, our investigation into CB Surety, Thomas Eide and KP Testing is ongoing, and we do not yet have access to all relevant documents/data. As previously stated, we have begun to make requests to the Government for corporate records of the Receivership Entities that we believe may be in the Government’s possession.

In addition to Mr. Eide, Mr. Travis Smith is one of CB Surety’s managers and has also held the titles of Director of Operations and Project Manager.⁴¹

- Address: 4131 North Central Expressway, Suite 900, Dallas, TX 75204⁴²

Overall, we have reviewed documents that confirm that CB Surety played several roles in this alleged scheme:

- a. CB Surety referred advertisers to Ambragold
- b. CB Surety acted as an Advertiser
- c. Thomas Eide referred at least one Reseller/LLC to Reseller Consultants

³⁷ A0003063858.

³⁸ A0003242203.

³⁹ A0003059882.

⁴⁰ See, for example A0003474558.

⁴¹ Affidavit of United States Postal Inspector Jason Chung, December 1, 2023, ¶ 99.

⁴² Affidavit of United States Postal Inspector Jason Chung, December 1, 2023, exhibit 89.

Data Collection to Date:

Prior to our engagement, the US Postal Inspection Service conducted a search at the Dallas, TX location of CB Surety. Immediately after their search, we secured the location and obtained a limited number of documents and RSA bank tokens. We have made contact with counsel for Mr. Eide, who provided us with some login information to Mr. Eide's email account. However, the login information did not work and we are reaching out to Mr. Eide's counsel for replacement login information.

Addresses for CB Surety:

CB Surety
3079 Harrison Ave #10
South Lake Tahoe, CA 96150

CB Surety/Travis Smith
4131 North Central Expressway
Suite 900
Dallas, TX 75204

Bank Accounts:

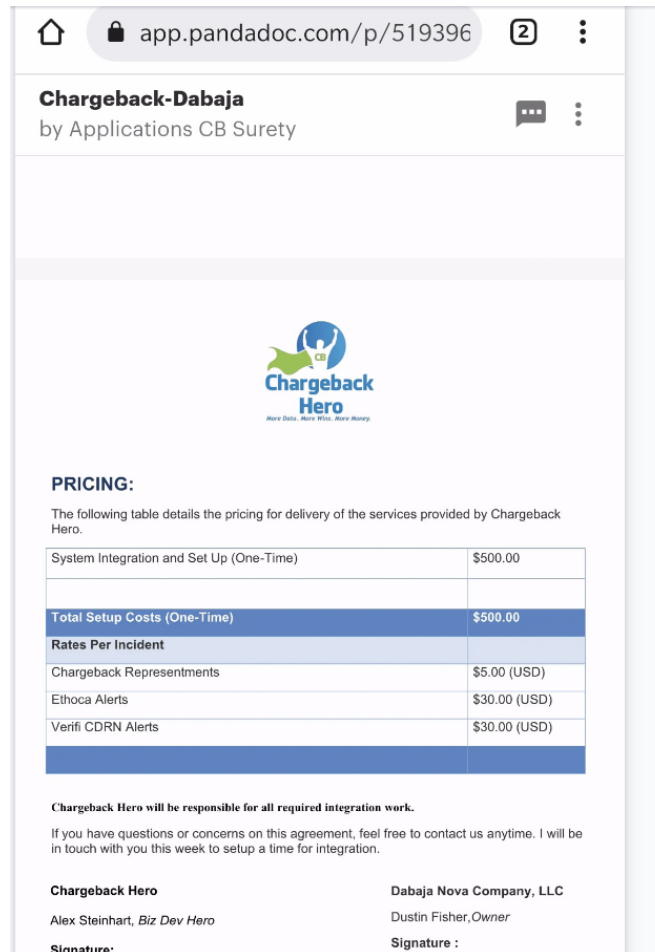
Payments from Reseller consultants to CB Surety appear to have been routed to Wells Fargo accounts. Payments to Mr. Eide personally may have been routed to a PayPal account.

Wells Fargo			
	Wells Fargo 6077	CB Surety	Record current balance here
	Wells Fargo 7019	Eide FC	Record current balance here
			Record current balance here
PayPal			
	PayPal-Micro	Record current balance here	Clear cache and cookies before login
	PayPal-Thomas	Record current balance here	Clear cache and cookies before login
Penfed			

Fraudulent chargeback reductions:

The Chung Affidavit states: "As of at least March 2023, Eide's LinkedIn profile advertised this transaction- laundering service, stating, "For companies that have lost or can't get a processor, CB Surety can guarantee to immediately get you processing again. STOP struggling with new ACH & credit card regulation, fraud management and the pains of being a [sic] called 'high risk'." See Ex. 1 (emphasis in original). His profile summary also stated, "**For merchants selling legal nutra, tech support, CBD, Kratom [sic], bitcoin, FOREX, collection services and any other products, you CAN get your credit card processing.**" *Id.* During our investigation, we were able to validate the portion of Chung's allegation that is shown in bold, above.

We identified at least one instance where CB Surety, serving as the advertiser, required a Reseller/LLC owner to subscribe to a chargeback service called “Chargeback Hero.” It is unclear, however, whether that service is somehow linked to or owned by CB Surety.



Evidence of Alleged Transaction laundering:

a. Referral of Resellers

On at least one occasion, Thomas Eide appears to have been the referral source for a new reseller, who was being on-boarded into the Reseller Consultants program.

As previously stated, we identified one corporate reseller agreement where SJC Financial served as the advertiser and Travis Smith and CB Surety agreed to be a guarantor (in the event at SJC financial failed to pay the reseller).⁴³

b. CB Surety recruits merchant clients:

CB Surety entered into a referral agreements with Ambragold in which CB Surety would refer advertisers. CB Surety's fees were paid according to a schedule, which were derivatively based on the fees that

⁴³ A0005011934

Ambragold would be earning on the processing amounts for those referral companies. In the screenshot below, the “Company” refers to Ambragold and the “Affiliate” refers CB surety.

Affiliate's commission will be paid by Company according to the following:	
1. Affiliate will only be paid for monies received by Company from Affiliate's Qualified Referrals.	
2. Payments to Affiliate will be made in accordance with the terms of this agreement according to the following schedule:	
Gross Revenue Percentage Paid to Company by Qualified Referral	Commission Percentage Paid to Affiliate
2.00%	.34%
1.75%	.29%
1.50%	.25%
1.25%	.21%
1.00% or less	.10%

We have confirmed that Reseller Consultants paid CB Surety commissions on a monthly basis. The commissions were calculated based the processing for dozens of advertisers and underlying resellers. In one document, the commission rate was approximately 0.2%, which is consistent with the payment schedule in the referral agreement between CB Surety and Ambragold.

119			
120	TKC Health		
121	Scafuri Lad Pines	Wind Down	
122	Sybble Venice Media	Wind Down	
123			
124	Vita Haus		
125	Glorymar Cole Ventures	Wind Down	
126	Gratton Kat Sales	Wind Down	
127			
128	West Coast Organics		
129	Kabrea Xeno Group	Wind Down	
130	Kyanda Euni Marketing	Wind Down	
131			
132	Total	\$1,325,600.67	
133			
134	Aric	\$16,570.01	
135			
136	CB Surety Commissions	\$2,783.76	
137	ComCopious	\$255.44	
138	SJC Financial	\$2,528.32	
139			
140			
141			
142			
143			

In 2022, Reseller Consultants apparently issued a 1099 to CB Surety in the amount of \$114,680.91.

- c. CB Surety supervises the recruitment of Reseller/LLCs as the establishment of the alleged sham companies:

As previously articulated on at least one occasion, Reseller Consultants advised a new Reseller/LLC to forward all mail in the UPS store mailbox to CB Surety at least every two weeks.

Reseller Consultants advised at least one reseller that “CB surety is part of your advertiser.”

Hi Dustin,

Yes, please go ahead and sign. 'CB Surety' is part of your advertiser, so you can sign any applications that are sent from them. Sometimes your advertiser will send an application before I get the chance to notify you in advance. If there is anything you are unsure of signing, please always feel free to reach out to me for clarification.

We uncovered documents that appear to show disputes between (1) CB Surety *and* two separate Reseller/LLCs, on the one hand, and (2) credit processing companies, on the other hand. It appears that CB Surety and the Reseller/LLCs retained counsel to represent them jointly. CB Surety was described as “merchant’s account manager.”

We have identified many documents showing that the resellers were generally in the dark about their Reseller/LLC businesses. We uncovered one exchange between Reseller Consultants and a Reseller/LLC (where CB Surety was serving as the advertiser) in which the Reseller/LLC asks about the need hire employees in the LLC and create a call center.

On Sat, Oct 23, 2021 at 10:13 AM Dustin Fisher <bluemountainunlimited@gmail.com> wrote:

Hey Rena,

So usually you guys are pretty quick to tell me I need to sign things and what not. I still haven't signed these latest documents since I'm not getting confirmation from you guys yet. Are they safe to sign? I'm not the one responsible for the amounts? Is a W-9 something that you guys knew I was going to have to sign? Am I supposed to have employees under me so a call center can be set up under the LLCs? At this point what am I supposed to do please? Just trying to figure it out and get the rest of the process started/ended.

Reseller/LLCs were kept in the dark about the products and services being sold on the Reseller/LLC websites. In at least one instance, Reseller Consultants confirm to the Reseller/LLC (working with CB Surety as the advertiser) that the Reseller/LLC’s website wasn’t being used for illegal gambling – “your advertiser does not create gambling sites.”

In an exchange in June 2020, Irene at Reseller Consultants responded to inquiries from a nervous Reseller/LLC regarding products that would be sourced by CB Surety (as the advertiser). The Reseller/LLC’s bank had “reached out because they are needing more detailed description of my business.” Irene explained “your websites sell, coffee, Matcha, powders and protein.” She then explained that another website would be selling clothing.

Re: Bank issue Sent: Mon 6/29/2020 4:45:37 PM (UTC)

From: Irene Santoyo
To: Lauren Culpepper

No, you do not. Please renew the UPS mailbox for 3 months and set up mail forwarding for every 2 weeks. Forwarding address is as follows:
CB Surety
3079 Harrison Ave #10
South Lake Tahoe, CA 96150
You may use the business debit card for this.

Thank you,
Irene S.
Reseller Consultants
isantoyo@resellerconsultants.com
Phone: (702) 375-7437
Fax: (818) 462-9700

On Fri, Jun 26, 2020 at 10:13 AM Lauren Culpepper <l.culpepperbusiness@gmail.com> wrote:

Irene,
I got my alert about my UPS box needing renewed. Is this something I cover out of my own pocket?

Please advise. Thank you.
Lauren Culpepper
l.culpepperbusiness@gmail.com
217.979.0867

On Wed, Jun 17, 2020 at 2:25 PM Irene Santoyo <isantoyo@resellerconsultants.com> wrote:

Hello Lauren,
The advertiser stated it will be clothing products for Learise.

Thank you,
Irene S.
Reseller Consultants
isantoyo@resellerconsultants.com
Phone: (702) 375-7437
Fax: (818) 462-9700

On Wed, Jun 17, 2020 at 12:06 PM Lauren Culpepper <l.culpepperbusiness@gmail.com> wrote:

Irene,
Thank you for that. I am struggling with what the other website will sell. I know when we first started one of them sold beauty products. do you have any more information regarding that?

Thank you,
Lauren Culpepper
l.culpepperbusiness@gmail.com
217.979.0867

On Wed, Jun 17, 2020 at 2:03 PM Lauren Culpepper <l.culpepperbusiness@gmail.com> wrote:

On Wed, Jun 17, 2020 at 1:12 PM Irene Santoyo <isantoyo@resellerconsultants.com> wrote:

Yes, your websites sell coffee, matcha, powders and protein.
Thank you,
Irene S.
Reseller Consultants
isantoyo@resellerconsultants.com
Phone: (702) 375-7437
Fax: (818) 462-9700

On Tue, Jun 16, 2020 at 7:56 AM Lauren Culpepper <l.culpepperbusiness@gmail.com> wrote:

Hello Irene,
My bank reached out because they are needing a more detailed description of my businesses. I know what Lyanny is but I need more information about Learise Xen Ventures LLC. Can you help me with this?

--
Thank you,
Lauren Culpepper
email: L.CulpepperBusiness@gmail.com
phone: 217-979-0867

Resellers seemed to have been duped into thinking that “distributions” would come much sooner than they did. We uncovered one exchange between Reseller Consultants and a Reseller/LLC (where CB Surety was serving as the ad advertiser) in which the Reseller/LLC expresses frustration at the delay in being paid.

On Mon, Nov 1, 2021 at 12:21 PM Dustin Fisher <bluemountainunlimited@gmail.com> wrote:

3-5 months after? So this isn't what I was told either. I was actually told that once I'm set up it should be about 1 month after to receive distributions. So that's a really big difference in time there.. also so I'm not set up then just yet? I mean how will I know because I'm not getting any other applications to sign or anything and what of the ones that were already signed by surety? Does that mean they didn't accept it or something and now I'm waiting for other ones?

On Mon, Nov 1, 2021, 11:48 AM Rena Jointer <rjointer@resellerconsultants.com> wrote:

Hi Dustin,

Distributions begin the month following an approval for the merchant account. Our records indicate that you **completed onboarding on 10/12/2021**. You will continue to receive various merchant applications and agreements to sign. The more accurate and timely you are with signing the documents and completing requests, the sooner your distributions will begin. Based on the date you completed onboarding you can expect your distributions to begin within about 3-5 months of that date.

CB Surety generally controls the circulation of money between itself, the alleged Reseller/LLC bank accounts, and Defendants' merchant clients.

In one instance, Reseller Consultants directed a reseller to ship an RSA token to CB Surety, the advertiser. On one occasion, Reseller Consultants asked a Reseller/LLC (working with CB Surety as the advertiser) to provide login information for the reseller's bank account and to share a two-factor authentication code. The login information and the code were then apparently sent to and used by Travis Smith at CB Surety, who “added himself as a user on the bank account.” The Reseller/LLC confirmed awareness of this.

- d. As alleged in Postal Inspector Chung's affidavit, Eide and Smith also use shell entities, including Cascades Pointe at Clemson LLC (“Cascades Pointe”), Peak Bakery LLC (“Peak Bakery”), and KP Testing, LLC (“KP Testing”) to the same end. These shell entities are controlled by Eide and Smith and used for the purpose of disguising scheme proceeds passing between CB Surety and other members of the scheme. Defendants have also used additional shell entities that are now defunct.

On at least two occasions, Reseller Consultants informed a reseller that the LLC was being shut down, advising the reseller to send remaining balances to CB Surety Payable to “Peak LLC.”

A JP Morgan, account for ADJIN GOKU MAKINGS LLC, dated December 1, 2020, shows deposits of approximately \$335,000 in the month of October 2020, along with nearly the same amount of money withdrawn. CB surety is listed as a deposit source with approximately \$35,000 being deposited. SJC financial is listed as the recipient for many payments via ACH payment.

As previously articulated, a similar bank statement for DONATA RORY MEDIA LLC shows about \$335,000 being deposited and \$350,000 being withdrawn. More than 150+ payments to SJC Financial and approximately \$70K being deposited by CB Surety.

A similar bank statement with starting balance of \$20,000, deposits of \$540,000, withdrawals of \$555,000, ending balance less than \$2000, all taking place in September 2020, was identified.

Another statement from AUBANY GREEN MEDIA LLC for November 2020, showing \$760K going into the account, \$729K going out of the account with an ending balance of \$32K. CB Surety and SJC Financial both show activity in this account.

Reseller Consultants coached Reseller/LLCs through the inspection/diligence process with at least one credit processor. We uncovered a lengthy email exchange between Reseller Consultants and a Reseller/LLC named Christopher, who was working with CB Surety as the advertiser. During the onboarding process to become a Reseller/LLC. Christopher was advised to sign an application for a merchant account with Electronic Merchant Services (EMS). As part of EMS's underwriting process, EMS required a site inspection of Christopher's office. Christopher seemed unaware of the products – "one for light fixtures and another for something else?". Reseller Consultants provided background information on the inspection process and attempted to prepare Christopher to field questions about the business and products, warning him not to ever mention Reseller Consultants.

On Wed, Apr 7, 2021 at 4:28 PM Rena Jointer <rjointer@resellerconsultants.com> wrote:

Hello Christopher,

Yes, that is correct, there are 2 merchant services. I have attached an information sheet to this email to assist with the inspection process. You recently signed an application for a Merchant account with Electronic Merchant Service (EMS). This application was submitted for approval and EMS is conducting their underwriting. As part of their underwriting, EMS requires a site inspection. This site inspection helps them confirm that the application was really signed by you and that this is not a false or fraudulent application. EMS uses a third party contract firm, Metro Inspection, to conduct the onsite inspection.

Because you are a home based business, the inspection will be to confirm your home address (they may actually snap of a photo of the address), confirm you are the applicant (they will want to see your identification) and confirm that you have a working computer in your house (how can you have an online business without a computer?).

Additionally, they may ask you a few questions about your business/website that was submitted for the application. The attached document outlines the information the inspector may ask about. Please review so you have a working knowledge before they arrive. Also please visit the websites and familiarize yourself with the products you are selling and the price points. At the bottom of the website you will see your LLC name, legal address, your customer service number and customer service email, should the inspector request this information. It is also in the email from the **applications department**.

PLEASE DO NOT MENTION RESELLER CONSULTANTS OR MY NAME as this can cause confusion for the processor. Remember this is your business and they want confidence that you know what is going on with the business.

Should you have any questions, please call prior to scheduling the inspection.

Sincerely,



Rena Jointer
Reseller Consultants
Phone/Text: (702) 274-8357
Email: RJointer@resellerconsultants.com

This is another clear example of both the role played by Reseller Consultants (and later Won it All, Inc. and Run it Up, Inc.) in undermining the ability of banks and merchant services organizations to do their inspections and to conduct proper due diligence.

On Thu, Apr 8, 2021 at 11:11 AM Rena Jointer <rjointer@resellerconsultants.com> wrote:

Hello Christopher,

The inspection won't be too in depth, the inspection will be to confirm your home address (they may actually snap a photo of the address), confirm you are the applicant (they will want to see your identification) and confirm that you have a working computer in your house. Additionally, they may ask you a few questions about your business/website that was submitted for the application, so please review your information sheet, so you have a working knowledge before they arrive. Visit the websites and familiarize yourself with the products you are selling and the price points. At the bottom of the website you will see your LLC name, legal address, your customer service number and customer service email, should the inspector request this information. The primary purpose of the inspection is to confirm that the application was really signed by you and that this is not a false or fraudulent application.

Sincerely,



Rena Jointer
Reseller Consultants
Phone/Text: (702) 274-8357
Email: RJointer@resellerconsultants.com



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On Thu, Apr 8, 2021 at 10:31 AM Chris Flores <hoyitstopher@gmail.com> wrote:

Hi Rena,

Right so I'll have all 4 websites up and running on the screen. But how in depth will their inspection be? Because will they be actually checking that I'm logged into the websites and what other programs I might be using to run my business? As this is my first inspection of this type, any and all details to pass would be appreciated.

VIII. Fact Finding: Motion Media and SJC Financial

From an interview conducted on January 5, 2024, Mr. Stephen Christopher indicated that SJC Financial (S Corp) was founded in 2012 by him and his ex-wife. Since their divorce he is the only one listed at the company. SJC Financial has worked in the merchant service business since 2011 and activities for the corporation ended in 2019. Mr. Christopher indicated that SJC Financial had multiple accounts with the most recent account being at First Citizen's Bank.

In the January 5, 2024, interview of Mr. Christopher he indicated that Motion Media Marketing (C Corp) was founded by him in 2019 where he works with brokers to place merchant accounts. Upon the brokers referring the merchants, Mr. Christopher would help the merchants get onboarded. He indicated that he works with "a ton of brokers". He is listed as the only officer of the company with the corporation having a total of three bank accounts. The latest of these accounts being with Brex Bank.

Role in the Alleged Scheme to Defraud (provided by Postal Inspector Chung affidavit):

The following information is a summary of the allegations from Postal Inspector Chung's affidavit.

According to the affidavit, Stephen Christopher furthered the scheme as a merchant account broker by, among other tasks, recruiting and onboarding illegal and high-risk merchants, communicating with defendants, Thomas Eide and Travis Smith, CB Surety owners, on their behalf, and facilitating payments from and to them. These merchants were seeking to benefit from defendants' alleged transaction laundering and chargeback-reduction tactics.

Allegedly, Mr. Christopher used his company bank accounts – SJC Financial and Motion Media Marketing – to receive allegedly laundered proceeds from suspected sham companies and transfer to defendants and their merchant accounts.

As a previously identified example of this is the following: In July 2020, a checking account for suspected sham company Donata Rory Media LLC received 182 deposits from payment processors totaling approximately \$252,000. During that same time, Donata Rory Media LLC transferred a similar amount, approximately \$230,000, from its bank account to two intermediary bank accounts, including an account for SJC Financial, which was created and maintained by Mr. Christopher. SJC Financial bank account also received ACH transfers from other accounts of defendants' suspected sham companies, totaling over \$1.2 million. The SJC Financial account then wired approximately \$460,000 to domestic bank accounts and over \$980,000 to international bank accounts, including bank accounts controlled by CB Surety and CB Surety's merchant clients.

Note: The suspected "sham companies" are previously referred to in this interim report as Resellers/LLCs.

As a result of my fact finding, also recall, that SJC Financial Services, LLC (a Receivership Entity) was among the top 10 'advertisers' with 297 resellers/LLCs found in data at the Rancho Dr. address of Ambragold, Reseller Consultants (also Receivership Entities) and Won it All, Inc. and Run it Up, Inc.

Public Source records indicate that Mr. Christopher previously owned a home at 13940 Umbria Way, Poway, CA 92064. The home was valued by Zillow with an estimated market value of \$3,924,300.

Signed Contracts arranged between SJC Financial Services, LLC and Reseller Consultants and Ambragold:

Resellers were required to sign five forms before joining the program. Four of these forms identify the advertiser the Reseller/LLC would be working with:

1. Confidentiality Agreement
2. Irrevocable Power of Attorney
3. Reseller Distribution Agreement
4. Corporate Reseller Agreement.

A review of documents shows that there are over 150 signed Confidentiality Agreements and Power of Attorney agreements. There are also over 100 signed Corporate Reseller Agreements and over 60 signed Reseller Distribution Agreements (this document was signed by each reseller once. Since each reseller usually had 2 LLCs set up in their name, this agreement covers over 120 LLCs).

Invoices:

40 processing invoices were discovered from Reseller Consultant and Ambragold to SJC Financial Services, LLC. These span the period of July 2020 through October 2023.

Reseller and SJC Financial signed agreements:

File Name	Reseller Name	LLC Name	Document Title	Relevance	Notes
A0004178856.PDF	Leann Sehon	Lobble Alluring Blooms LLC	Corporate Reseller Agreement	CRA between SJC Financials and Lobble Alluring Blooms LLC for it to become a reseller for SJC Financials. Stephen Christopher signed on behalf of SJC Financials and Travis Smith personally guarantees the liabilities in the event that SJC Financials is unable to meet its liabilities.	See notes on A0004178858.PDF
A0004178858.PDF	Leann Sehon		Reseller Distribution Agreement	RDA between SJC Financials and Leann Sehon, a straw owner of one or more LLCs. Stephen Christopher signed on behalf of SJC Financials as its president.	See notes on A0004178856.PDF
A0004187086.PDF	Janice LaGesse		Reseller Distribution Agreement	RDA between SJC Financials and Janice LaGesse, a straw owner of one or more LLCs. Stephen Christopher signed on behalf of SJC Financials as its president.	
A0004187087.PDF	Janice LaGesse	Jedwin Red Sales LLC	Corporate Reseller Agreement	CRA between SJC Financials and Jedwin Red Sales LLC for it to become a reseller for SJC Financials. Stephen Christopher signed on behalf of SJC Financials and Travis Smith personally guarantees the liabilities in the event that SJC Financials is unable to meet its liabilities.	This LLC is owned by Janice LaGesse. See notes on A0004187081.PDF and A0004221735.PDF
A0004221735.PDF	Janice LaGesse	Judiel Demi Marketing LLC	Corporate Reseller Agreement	CRA between SJC Financials and Judiel Demi Marketing LLC for it to become a reseller for SJC Financials. Stephen Christopher signed on behalf of SJC Financials and Travis Smith personally guarantees the liabilities in the event that SJC Financials is unable to meet its liabilities.	This LLC is owned by Janice LaGesse. See notes on A0004187087.PDF and A0004187086.PDF
A0004381529.PDF	Ariji Mousa	Adjin Goku Makings LLC	Corporate Reseller Agreement	CRA between SJC Financials and Adjin Goku Makings LLC for it to become a reseller for SJC Financials. Stephen Christopher signed on behalf of SJC Financials and Travis Smith personally guarantees the liabilities in the event that SJC Financials is unable to meet its liabilities.	
A0004221176.PDF	Tamson Telison	Tiarrani Pom Venturing LLC	Corporate Reseller Agreement	CRA between SJC Financials and Tiarrani Pom Venturing LLC for it to become a reseller for SJC Financials. Stephen Christopher signed on behalf of SJC Financials and Travis Smith personally guarantees the liabilities in the event that SJC Financials is unable to meet its liabilities.	
A0004381513.PDF	Stephen Agbolosu-Amison		Reseller Distribution Agreement	RDA between SJC Financials and Stephen Agbolosu-Amison, a straw owner of one or more LLCs. Stephen Christopher signed on behalf of SJC Financials as its president.	See notes on A0004381516.PDF
A0004381516.PDF	Stephen Agbolosu-Amison	Siasis Yearning Brands LLC	Corporate Reseller Agreement	CRA between SJC Financials and Siasis Yearning Brands LLC for it to become a reseller for SJC Financials. Stephen Christopher signed on behalf of SJC Financials and Travis Smith personally guarantees the liabilities in the event that SJC Financials is unable to meet its liabilities.	See notes on A0004381513.PDF
A0004381518.PDF	Patricia Doyle		Reseller Distribution Agreement	RDA between SJC Financials and Patricia Doyle, a straw owner of one or more LLCs. Stephen Christopher signed on behalf of SJC Financials as its president.	See notes on A0004381519.PDF
A0004381519.PDF	Patricia Doyle	Pliant Rosey Sales LLC	Corporate Reseller Agreement	CRA between SJC Financials and Pliant Rosey Sales LLC for it to become a reseller for SJC Financials. Stephen Christopher signed on behalf of SJC Financials and Travis Smith personally guarantees the liabilities in the event that SJC Financials is unable to meet its liabilities.	See notes on A0004381518.PDF

Motion Media Marketing Documents:

File Name	Document Title	Relevance	Notes
A0001226127.PDF	Business Statement: Jylina Evan Creations LLC (10/1/2021 - 10/31/2021)	This is the bank statements of one of the straw LLCs set up to resell products for SJC Financials. It shows multiple transactions to Motion Media.	See notes on A0003734468.PDF
A0002900259.pdf	SMS Conversation between Carmen Sylvestri and a Reseller	Carmen mentions a wire from the reseller's bank to Motion Media for marketing expenses.	
A0002951933.pdf	SMS Conversation between Evelyn Sanchez and a Andrew (a reseller for SJC)	Evelyn mentions a transfer from the reseller's bank to Motion Media. She instructs him to tell the bank that it was for marketing expenses.	
A0002960085.pdf	SMS Conversation between Evelyn Sanchez and a reseller	Evelyn mentions a transfer from the reseller's bank to Motion Media for marketing expenses.	
A0000003298	Copy of Reseller Consultants Merchants (version 1)	Lists Jylina Evan Creations LLC (mentioned in A0001226127.PDF) as a reseller LLC for SJC financials.	
A0003734468.PDF	Dibora Assist Gardens - Invoice	Invoice from Motion Media to the LLC for marketing expenses.	See notes on A0000559008.PDF
A0000559008.PDF	Corporate Reseller Agreement	Establishes Dibora Assist Gardens LLC as a reseller for SJC financials.	
A0003734469.PDF	Dylana Brave Creations - Invoice	Invoice of \$65,000 from Motion Media to the LLC for marketing expenses	See notes on A0003634444.PDF
A0003634444.PDF	Corporate Reseller Agreement	Establishes Dylana Brave Creations LLC as a reseller for SJC financials	
A0005474963.MSG	Email chain between Travis Eggleton to Rena Jointer	Reseller employee tells straw owner to confirm that wire transfer sent from his bank account to Motion Media is legitimate	
A0005509486.MSG	Email chain between Rena Jointer and Rebecca Kollett	Reseller employee tells straw owner to initiate a wire transfer to Motion Media from the LLC account	
A0005509487.MSG	Email chain between Rena Jointer and Deborah Metz	Reseller employee tells straw owner to initiate a wire transfer to Motion Media from the LLC account	

An example of wire transfers from Motion Media Marketing:

Hi Deborah,

Your advertiser has requested that you perform the following wires using the information below. Please let me know when the transfer has been done.

Amount: *\$10,000*

From LLC Account: Dibora Assist Gardens LLC

To: Motion Media Marketing
14144 Mazatlan Court
Poway, CA 92064

Routing Number: 211-075-086

Account Number: 5-214

Amount: *\$40,000*

From LLC Account: Dylena Brave Creations LLC

To: Motion Media Marketing
14144 Mazatlan Court
Poway, CA 92064

Routing Number: 211-075-086

Account Number: 5-214

Sincerely,

Rena Jointer - Client Liaison Team Member Reseller Consultants

Phone/Text: (702) 274-8357

Email: RJointer@resellerconsultants.com

Motion Media Marketing bank accounts:

Grasshopper Bank: Routing number 084009519, Account number 8258

Wise US Inc. (perhaps, tangentially connected with Motion Media Marketing)

IX. Tax Implications for Receivership Entities Update

As receiver, I have engaged tax experts to support the required timely filing of Internal Revenue Service (IRS) documents for each of the Receivership Entities. We have contacted the owners of each Receivership Entity, through counsel where required and appropriate. The initial assessment of some of the Receivership Entities indicates that no prior tax records may exist and for others we were able to obtain those records.

We have made arrangements to have tax documents controlled out of a central address for some of the Receivership Entities through a change of address with the IRS. We are in the process of sending another set of forms for related address changes, etc. This will include requests to the IRS for various prior year tax returns. We are calculating that this will require over 30 separate checks to the IRS with fees potentially up to approximately \$3,000. The IRS does refund the fee for any returns they aren't able to produce. This process will be necessary for some of the Receivership Entities unless we can obtain copies of prior years' returns from the owners.

For example, we have Reseller Consultants, Inc. income tax returns for 2022 and 2021 (Form 1120s).

Below is a chart of the status of tax filings for each Receivership Entity for 2023:

Entity	CB Surety LLC	Peak Bakery LLC	Cascades Pointe at Clemson, LLC	KP Testing, LLC	Motion Media Marketing, Inc.	SJC Financial Services, Inc.	Reseller Consultants Inc.	Ambragold, Inc.	Think Processing LLC
EIN	83-0830133	83-1854190	26-4151901	38-3935154	87-1014358	45-4882266	86-1864826	46-1793200	35-2715900
Determined state where entity was formed for state filing requirements	NC	NC	SC	VA	CA	CA	NV	NV / FL	WY
Notified IRS of Receivership (Form 56)	In process	In process	In process	In process	Completed	Completed	In process	In process	Completed
Sent Change of Address form to IRS (Form 8822-B)	In process	In process	In process	In process	Completed	Completed	In process	In process	Completed
Reviewed most recent federal income tax return (if available)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2021 / 2022 reviewed
Requested copies of prior year tax returns from IRS (Form 4506)	In process	In process	In process	In process	In process	In process	In process	In process	In process
Requested transcript (account status) from IRS (Form 4506-T)	In process	In process	In process	In process	In process	In process	In process	In process	In process
Federal Income Tax Extensions filed	Entity type unknown - Tax Returns to be filed after determination	Entity type unknown - Tax Returns to be filed after determination	Entity type unknown - Tax Returns to be filed after determination	Entity type unknown - Tax Returns to be filed after determination	Completed	Completed	In process	N/A for 2023	Completed

X. Planned Next Steps

Questions remain and further fact finding is necessary pertaining to the Receivership Entities' magnitude of the actions alleged by the government vs. signs of legitimate business operations. As articulated in this and previous interim reports, documentation from our fact finding pertaining to the Receivership Entities, as well as Won it All, Inc. and Run it Up, Inc., is mounting in support of the allegations found in the affidavit from Postal Inspector Chung.

XI. Securing Assets for Criminal Restitution, Forfeiture, or Other Legal Remedies

The Court's Preliminary Injunction directed the Receiver to "ensure that any Assets subject to the terms of this Order are available for criminal restitution, forfeiture, or other legal remedies in proceedings commenced by or on behalf of the United States." ECF No. 35, at 9. On April 18, 2024, and in furtherance of that directive, the Receiver placed notices of *lis pendens* on two properties the Receiver believes were purchased with proceeds from Reseller Consultants, Inc. and Ambragold, Inc. See ECF Nos. 70, 71. The properties are located in Las Vegas, Nevada, and Port Orange, Florida. Because these properties were purchased with proceeds that appear to be from Receivership Entities, the Receiver considers these properties to be "Receivership Property" as they are Assets "owned, controlled, or held by or for the benefit of the Receivership Entities, in whole or in part." See ECF No. 35, at 4. The notices of *lis pendens* are intended to reduce the likelihood these Assets are transferred and made unavailable for criminal restitution, forfeiture, or other legal remedies.

XII. Summary of Receiver Expenses

Summary of Receiver Expenses – January 31, 2024 & February 29, 2024

The total amount of funds spent through January 31, 2024, was \$251,072.50. Additionally, during this period there was \$8,517 in out-of-pocket expenses incurred.

The total amount of funds spent through February 29, 2024, was \$240,160. Additionally, during this period there was \$7,125.49 in out-of-pocket expenses incurred.

See below the breakdown of categories that make up the funds spent:

Evidence tracking and Preserving data

The collection and preservation of documents found at various office and server locations. Examples of tasks included within this category are (1) Forensic imaging of laptops; (2) Scanning of hardcopy documents from Las Vegas and Dallas locations; (3) Coordination and capture of server information; and (4) Tracking and logging of various items found on site and through the collection of UPS and mail packages containing documents and bank RSA tokens. Issues with obtaining passwords along with multi-factor authentication has led to additional funds being spent to secure information off various electronic devices. For more detail, please refer to section *Data Collection, Analysis and Interviews* in my report above.

Securing office locations

Hourly fees were incurred to coordinate with property management, secure locations, rent/utility fees, and to shut down any office space that is no longer needed.

Outreach to LLC Owners

In an effort to obtain more documents and understanding of business operations, I instructed my team to develop a website and questionnaire for individuals who had contact with any of the receivership entities. For more information regarding the build out of the website please refer to my March 4, 2024, 2nd Interim Receiver Report. Additionally, funds have been spent communicating and interviewing various individuals who had business dealings with the receivership entities.

Interviews of Employees

My team travelled to Las Vegas and interviewed several employees. See the above section entitled, *Data Collection, Analysis and Interviews*.

2nd Interim Receiver Report

A majority of the funds spent through this period are related to the fact finding and writing of the Receiver's 2nd Interim Report that was filed with the court on March 4, 2024.

Project Management

The final category of funds spent through February 29, 2024, is related to general project management. This includes internal meetings to coordinate priorities, discussions with counsel, and drafting of requests. A detailed invoice for time spent by the Receiver along with those I have deemed necessary is available at the request of the Court.

Detailed invoices for time spent by Counsel is available at the request of the Court.

Summary of Expenses for Receivership Counsel – January 2024

Through January 31, 2024, the Receiver incurred \$33,336.00 in expenses for professional services from counsel at DLA Piper LLP (US). These fees included analysis of the Court's order with respect to the Receivership's activities, conferring with counsel for Defendants and law enforcement agencies, and advice related to establishment of a website for LLC owners to provide information to the Receiver. A detailed invoice for time spent by Counsel is available at the request of the Court.

Summary of Expenses for Receivership Counsel – February 2024

Through February 29, 2024, the Receiver incurred \$31,339.50, in expenses for professional services from counsel at DLA Piper LLP (US). These fees included advice related to establishment of a website for LLC owners to provide information to the Receiver, drafting requests for information to law enforcement agencies, preparing subpoenas for bank records for banks holding assets of the Receivership Entities, responding to requests for information from LLC owners, and submitting requests for tax information to persons that previously controlled the Receivership Entities. A detailed invoice for time spent by Counsel is available at the request of the Court.

XIII. Request of the Receiver – Expand Receivership Entities

Pursuant to the Court's order granting the preliminary injunction in this matter, ECF No. 34, the Court granted the Receiver's initial request to investigate Won it All, Inc. and any additional entities the Receiver suspected to be involved in Defendants alleged wire and bank fraud scheme. *See* ECF No. 34, 5-6, n. 5. The Court also directed the Receiver to notify the Court if he believed additional entities should be included in this investigation. *See id.*

Throughout this report and the previous report to the Court, substantial documentation has been provided showing that Won it All, Inc. and Run it Up, Inc. have taken over the same operations as Ambragold and Reseller Consultants.

As found in Reseller Consultants' own documentation, the operations formerly under Ambragold and Reseller Consultants (Receivership Entities) have been continued by Won it All, Inc. and Run it Up, Inc.

Furthermore, our fact finding to date has corroborated many of the allegations outlined in the affidavit by Postal Inspector Chung. These allegations of Ambragold and Reseller Consultants are consistent with the actions of Won it All, Inc. and Run it Up, Inc.

Currently, I do not have the ability to fulfill the requirement to “Assume full and exclusive control of the operations of the Receivership Entities,” due to some of the documentation, payments, agreements are currently done by Reseller Consultants, and some are done by Won it All, Inc. and Run it Up, Inc.

Absent the Court’s authority to include Won it All, Inc. and Run it Up, Inc. as Receivership Entities, I have no authority to:

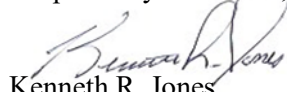
- Pay employees for hours worked and salaries in line with the Court’s requirement to “obtaining pertinent information from all employees and other agents and all accrued and unpaid commissions and compensation of each such employee or agent;” Noting that the employees were paid by Won it All, Inc. but operating on a day-to-day basis as Reseller Consultants, communicating and entering into agreements as Reseller Consultants.
- Pay health, vision or dental benefits – as previously stated several employees have now incurred costs that are not reimbursable.
- Manage the operations now conducted by Won it All, Inc. or Run it Up, Inc.

Nor do I have the authority to discontinue the operations of Won it All, Inc. or Run it Up, Inc. absent the identification of any legitimate business functions.

Request #1: In accordance with these findings, the Receiver requests the Court issue an order to include Won it All, Inc. and Run it Up, Inc. as Receivership Entities. The Receiver believes the addition of Won it All, Inc. and Run it Up, Inc. is necessary to ensure that assets related to the terms of the Court’s order are available for criminal restitution, forfeiture, or other legal remedies.

Request #2: I request the Court issue an order to freeze the assets of accounts in the name of Won it All, Inc. and Run it Up, Inc. Additionally, I request that the order include the authority for the Receiver’s seizure of the following identified accounts, as well as any others identified to be associated with Won it All, Inc. and Run it Up, Inc.:

Respectfully submitted,



Kenneth R. Jones
Receiver
